

The Bluffs Homeowners' Association, Inc.  
Responsible Governance Policies

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**PURPOSE:** To set forth the Board's policies to promote responsible governance and provide for due process to all Association Members.

**EFFECTIVE DATE:** September 9, 2013

**AUTHORITY:** Articles of Incorporation of The Bluffs Homeowners' Association, The Bluffs HOA Bylaws, and the Colorado Common Interest Ownership Act, Section 38-33.3-209.5, Colorado Revised Statutes.

**RESOLUTION**

**WHEREAS**, the Board of Directors finds that Colorado law requires homeowner's associations to adopt policies, procedures, rules and regulations concerning collection of unpaid assessments, handling conflicts of interest, conducting meetings, enforcing covenants and rules of the Association, and investing reserve funds; and

**WHEREAS**, the Board of Directors finds that the Association must adopt such policies, procedures, rules and regulations to come into compliance with Colorado law as amended and effective on January 1, 2013.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BLUFFS HOMEOWNERS' ASSOCIATION that the following Policies, Procedures, Rules and Regulations are hereby adopted by the Board:**

**I. Collection of Unpaid Assessments.**

As required by Article XI of The Bluffs HOA Bylaws, annual assessments are due on December 31 of each year. Each Member will be responsible for submitting his or her annual assessment payment to the current Treasurer, in person or at their designated address.

If a Member fails to pay his or her annual assessment within thirty (30) days after the due date, the Board shall mail a written Past Due Notice to the Member at his or her current mailing address of record. The Member shall have 15 days from the date the Notice is mailed to make payment.

If the Member fails to make payment in full within the 15 day notice period, an Assessment Lien against the Member's property will become effective by operation of law. The Association may bring legal action against the Member to collect the amount due, or foreclose the lien against the property. Interest at the rate of 10% per annum shall accrue from the due date of each annual assessment until paid, and the Member will be liable for the Association's reasonable attorneys' fees and costs and all costs of collection regardless of whether the Board commences legal action.

## **II. Enforcement of Covenants and Rules, and Imposition of Fines.**

A) If the Board finds that a Member violates or fails to comply with any of the Covenants, Conditions, Restrictions, Rules, and Regulations of The Bluffs Homeowners' Association, the following procedure shall apply:

- 1) The Board shall notify the Member in writing of the violation or act of noncompliance (the "First Notice"). Such notice shall cite the covenant, condition, restriction, rule, or regulation at issue; describe the basis for the charge; state the means by which the Member can cure the violation or act of noncompliance; state the deadline to cure, which shall be no more than 15 days after the date of the notice; state the possible penalties for failure to cure; and inform the Member of his/her right to a hearing.
- 2) If the Member does not cure the violation by the deadline stated in the First Notice, and does not timely request a hearing, the Board will send the Member a Second Notice advising the Member that he or she must cure the violation within 5 days of the date of the Second Notice or penalties will be imposed. Such notice shall include a list of all possible penalties.
- 3) If the Member does not cure the violation within 5 days after the date of the Second Notice, the Board may immediately impose the penalties it deems appropriate as provided by paragraph C below, in its sole discretion, and will notify the Member in writing of the same.

### **B) Procedure for Appeal Hearings**

- 1) The Member shall have the right to request a hearing to appeal the Board's finding of a covenant violation or act of noncompliance, which request must be in writing and received by the Board within 5 days of the date of the First Notice. If the Member fails to make a timely request for hearing, the Member waives the right to a hearing.
- 2) Upon receipt of a timely hearing request, the Board shall schedule a hearing on the matter to occur within 7 business days from the date the Board receives the Member's request, at a place designated by the Board. The Member shall have a reasonable time and opportunity to present arguments, witnesses, and exhibits in his or her defense at the hearing. After the hearing is completed, a written decision will be issued, which shall become the final action of the Board.
- 3) If the Board finds the Member is not responsible for the alleged violation or noncompliance, the Association shall not allocate to the Member's account any of the Association's costs or attorneys' fees incurred in asserting the charge or hearing the appeal.

- 4) If the Board finds the Member is responsible for the alleged violation or noncompliance, the Association may proceed with one or more of the penalties listed in paragraph C below, and the Member's account will be assessed the costs and attorneys' fees incurred by the Association to assert the charge and hear the appeal.

### C) Penalties the Board May Impose

The Board may impose any one or more of the following penalties for a Member's violation or noncompliance:

- 1) suspend the Member's voting rights in the Association during any period or periods in which the Member fails to comply;
- 2) impose a fine of up to \$50 per occurrence, or up to \$50 per day for a continuing violation or act of noncompliance; and
- 3) take judicial action against the Member to enforce compliance or to obtain damages for noncompliance to the extent allowed by law.

All fines, accrued interest, costs, and attorneys' fees charged to the Member's account will become a lienable assessment against the Member's property.

### **III. Conflicts of Interest.**

Board members and Officers must avoid conflicts of interest, and must not engage in any "conflicting interest transactions" while exercising their duties on behalf of the Association.

The term "conflicting interest transaction" means: a contract, transaction, or other financial relationship between the Association and a Board member of the Association, or between the Association and a party related to the Board member, or between the Association and an entity in which the Board member is a director or officer or has a financial interest. A "party related to a Board member" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.

In the event a Board member suspects that he or she may have a conflict of interest, the following procedure must be followed:

- 1) The material facts as to the Board member's relationship or interest and as to the conflicting interest transaction must be disclosed to the Board.

- 2) If the information disclosed is sufficient to enable the Board to determine that a conflicting interest transaction will not arise or result from the Board member's

participation, and the conflicting interest transaction is fair to the Association, the Board may authorize, approve, or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board members.

3) After reporting the conflict and disclosing the material facts to the Board, the Board member reporting a possible conflict of interest must recuse himself or herself from all discussions and may not vote on the issue.

4) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board that authorizes, approves, or ratifies the conflicting interest transaction.

Notwithstanding the foregoing, no loans shall be made by the Association to members of the Board.

#### **IV. Conduct of Meetings.**

The Board shall issue proper advance notice of all regular and special meetings of the Association and of the Board pursuant to the notice requirements contained in the Bylaws. The Board shall adhere to the following policies for the conduct of meetings:

1) All meetings of the Association and of the Board are open to every Member of the Association, or to any person designated in writing by a Member as the Member's representative.

2) At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Members or their designated representatives shall be permitted to speak regarding the issue. The Board may place reasonable time limits on persons speaking, and will allow persons with opposing views to speak if present.

3) The members of the Board or any committee of the Board may hold an executive or closed door session during a regular or special meeting, and may restrict attendance to Board members and such other persons requested by the Board. The matters to be discussed at an executive session are limited to the following:

- a) matters pertaining to employees of the Association or the managing agent's contract, or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- c) investigative proceedings concerning possible or actual criminal misconduct;
- d) matters subject to specific constitutional, statutory, or judicially imposed

requirements protecting particular proceedings or matters from public disclosure;

e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and

f) review of or discussion relating to any written or oral communication from legal counsel.

4) Prior to the time the members of the Board or committee convene in executive session, the chair person shall announce that the Board or committee will go into executive session, the general matter of discussion from those listed above, those who will be allowed to participate in the executive session, and the time the executive session will begin.

5) No rule or regulation of the Board or any committee shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.

6) The Secretary shall prepare minutes of all regular and special meetings and distribute the draft minutes to the Board members within 30 days after the meeting. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session. The Board shall review and vote to amend and/or ratify the minutes at the next regular meeting of the Board.

#### **V. Reserve Funds.**

Policy to be determined at a later date.

#### **VI. Annual Disclosures.**

By no later than March 31 each year, the Board shall make the following information available to the Association's Members by request in the Association's principal business office:

- 1) the date on which the Association's fiscal year commences;
- 2) the Association's operating budget for the current fiscal year;
- 3) a list, by unit type, of the Association's current assessments, including both regular and special assessments;
- 4) the Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- 5) the results of the Association's most recent available financial audit or review;
- 6) a list of all Association insurance policies including, but not limited to,

property, general liability, association director and officer professional liability, and fidelity policies (including company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed);

- 7) the Association's Bylaws, Articles of Incorporation, rules and regulations;
- 8) the minutes of the Board of Directors' and Member meetings for the fiscal year immediately preceding the current annual disclosure; and
- 9) the Association's responsible governance policies adopted under Section 38-33.3-209.5, Colorado Revised Statutes.

The Annual Disclosures shall be available for inspection from 8:00 a.m. to 4:00 p.m., Monday through Friday, or by appointment. A Member may review the Annual Disclosures by submitting a written request to the current Secretary, in person or at their designated address.

The foregoing Responsible Governance Policies and other policies, procedures, rules and regulations adopted by the Board shall be reviewed on an annual basis and updated as deemed necessary by the Board.

### **CERTIFICATION**

The undersigned, being the President of The Bluffs Homeowners' Association, Inc., a Colorado non-profit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on September 9, 2013, and in witness thereof, the undersigned has subscribed her name below.

THE BLUFFS HOMEOWNERS'  
ASSOCIATION, INC.

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By: Eileen Hockett, President

ATTEST:

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George Fiedler, Secretary